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**FISCAL IMPACT STATEMENT**

**LS 7308**

**BILL NUMBER:** HB 1161

**NOTE PREPARED:** Apr 29, 2003

**BILL AMENDED:** Apr 25, 2003

**SUBJECT:** Property Tax Sales.

**FIRST AUTHOR:** Rep. Dobis

**FIRST SPONSOR:** Sen. Landske

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:**     **GENERAL**  
                          **DEDICATED**  
                          **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill allows a county to sell one or more tracts or items together at tax sale. With respect to a property that has not sold for the minimum price at two tax sales, the bill allows the county to sell the tax sale certificate for less than the minimum price and establishes procedures for the sale and for redemption. The bill increases the maximum assessed value of property that can be sold to an abutting landowner to from \$5,000 to \$15,000. And it increases the threshold under which an appraisal is not required from \$2,000 to \$6,000 in assessed value. In addition, the bill provides that the purchase price of real property financed by the issuance of bonds may not exceed the average of two appraisals of the fair market value of the land.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Tax Sales:* Under current law, a county acquires a lien on property that has failed to sell for the minimum required price in two consecutive tax sales. The county then takes title to the property and cancels all delinquent property tax on the property. The county must pay for title searches and legal notices that are sent to parties with a substantial interest in the property. The county is then free to sell the property for any price that it can. Proceeds of the sale are used first to pay sale costs and second to reimburse tax units for cancelled taxes. Any surplus is then deposited into the county general fund.

This provision would allow the county commissioners to resolve to sell for a sub-minimum price, properties

that have failed to sell in two tax sales without taking title to the property. Proceeds from the sale of these properties would first go to taxes owed, penalties and costs, then to delinquent taxes on other properties owned by the taxpayer, and lastly, any remaining amount would be placed in a separate tax sale surplus fund.

A county that elects to sell property under this provision would save the expense of title searches and legal notifications. The purchaser would be responsible for these expenses under the bill. The actual amount of county expenditure savings depends on the number of properties that counties elect to sell under this provision.

*Land Purchase:* Under current law, a parks & recreation board must obtain one appraisal of a parcel's value conducted by three qualified appraisers before it may incur debt to purchase the parcel. This bill would instead require two professional appraisals of the parcel's fair market value. The appraisals would have to be submitted within 30 days of the appraiser's appointment. The board could pay up to the average of the two appraisals.

**Explanation of Local Revenues:** *Tax Sales:* Under the proposal, surplus tax payments for the properties sold by the county commissioners would be deposited into the tax sale surplus fund instead of the county general fund. Counties could experience a reduction in revenue from the sale of these properties. Since this provision would be permissive rather than obligatory, it is assumed that counties would choose this method of property sale only if the expenditure savings exceeds the revenue reduction.

This bill would also permit the county auditor and county treasurer to jointly determine that a property may only be sold at tax sale and redeemed together with one or more properties that are for sale. Multiple parcels could be bundled only if they are owned by the same person. This provision could (1) allow county officials to keep proximate properties together in hopes of further development or (2) require that an undesirable property be purchased along with a desirable property. In either case, the bundling of properties would be subject to local officials' actions.

**State Agencies Affected:**

**Local Agencies Affected:** Counties; Civil taxing units and school corporations.

**Information Sources:** David Bottorff, Association of Indiana Counties (684-3710).

**Fiscal Analyst:** Bob Sigalow, 317-232-9859